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October 1, 2019

**VIA ELECTRONIC DELIVERY**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Dominion Energy South Carolina, Inc.'s Filing of Quarterly Monitoring Report for the twelve-month period ending March 31, 2019, and Proposed Rate Adjustments Pursuant to the Natural Gas Rate Stabilization Act  
Docket No. 2019-6-G

Dear Ms. Boyd:

Enclosed on behalf of Dominion Energy South Carolina, Inc. ("DESC" or the "Company") you will find the Company's Response to the South Carolina Office of Regulatory Staff's ("ORS") Reply to DESC's Response in the above-captioned matter.

By copy of this letter we are serving the South Carolina Office of Regulatory Staff with a copy of the enclosed documents.

If you have any questions, please advise.

Very truly yours,

A handwritten signature in black ink that reads "Matthew W. Gissendanner". The signature is fluid and cursive, with the first name "Matthew" and last name "Gissendanner" clearly legible.

Matthew W. Gissendanner

MWG/kms  
Enclosure

cc: Andrew M. Bateman, Esquire  
Jenny R. Pittman, Esquire  
(via electronic mail and First Class U.S. Mail w/enclosures)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2019-6-G**

In the Matter of:	)	<b><u>DOMINION ENERGY SOUTH</u></b>
Review of Dominion Energy South Carolina,	)	<b><u>CAROLINA, INC.'S RESPONSE TO</u></b>
Inc.'s Gas Rate Stabilization Act Monitoring	)	<b><u>OFFICE OF REGULATORY STAFF'S</u></b>
Report for the period ending March 31, 2019	)	<b><u>REPLY TO DOMINION ENERGY</u></b>
	)	<b><u>SOUTH CAROLINA, INC.'S</u></b>
	)	<b><u>RESPONSE</u></b>
	)	

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Dominion Energy South Carolina, Inc. ("DESC" or the "Company")<sup>1</sup> is in receipt of the South Carolina Office of Regulatory Staff's Reply to Dominion Energy South Carolinas, Inc.'s Response (hereinafter "ORS Reply") filed with this Commission on September 26, 2019. DESC respectfully requests the Commission disregard the ORS Reply and the requests contained therein.

Pursuant to S.C. Code Ann. § 58-5-450 and § 58-5-455, ORS had the opportunity to comment on the Company's RSA monitoring report, as well as audit the report and specify any changes to it and the tariff that it recommended, which it did. Then, pursuant to S.C. Code Ann. § 58-5-455, DESC had the opportunity to file comments on ORS's audit findings and recommendations. In the ORS Reply, ORS now seeks to comment on those comments. However, the Natural Gas Rate Stabilization Act does not provide for any such comments to be filed. Rather, the next appropriate step as provided by S.C. Code Ann. § 58-5-455(5) is for the Commission to

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<sup>1</sup> South Carolina Electric & Gas Company ("SCE&G") changed its name to Dominion Energy South Carolina, Inc. effective April 29, 2019. This Response uses "DESC" to refer to the Company both before and after this name change.

issue its initial order setting forth any changes required in DESC's request. Given that no provision allows for the ORS Reply, this Commission should not consider it.

Next, and without waiving its position that no response by ORS is statutorily allowed, DESC provides the following response regarding the substance of the ORS Reply. As a general matter, DESC refers the Commission to its Response to ORS's Review of DESC's Gas Rate Stabilization Act Monitoring Report filed September 13, 2019, in this Docket. DESC maintains that the facts and arguments made there are a sufficient response to ORS's comments. Specifically, DESC stands by the facts and arguments provided there regarding disallowances related to economic development expenses, adjustment related to employee incentive pay, adjustment related to base pay and benefits paid to four DESC executives and the fact that it is not feasible to provide the amount of capitalized incentives and related depreciation amounts and taxes as ORS requests.

Additionally, in the ORS Reply, ORS notes that Piedmont Natural Gas Company, Inc. ("Piedmont") recently agreed to provide to ORS data to "identify and provide the capitalized incentives and associated taxes included in plant-in-service, accumulated depreciation, and depreciation expense" and requests that the Commission require the same of DESC. As an initial matter, DESC has already provided ORS with the total amount of incentive pay and associated taxes that have been capitalized, and DESC notes that Paragraph 7(a) of the Settlement Agreement between the ORS and Piedmont in Docket No. 2019-7-G provides only that ". . . Piedmont shall report to the ORS the employees whose incentive pay has been capitalized and included in rate base and the amount thereof." Nowhere in the Settlement Agreement is there an agreement by Piedmont to "identify and provide the capitalized incentives and associated taxes" with the granularity that ORS seeks to require of DESC, i.e., the amounts included in plant-in-service,

accumulated depreciation, and depreciation expense. Further, DESC is not familiar with Piedmont's accounting systems but reiterates that it is not feasible with its accounting systems to provide the information ORS requests. Therefore, the Commission should deny this request. In addition, this request is in the nature of discovery and is extraneous to an RSA rate request. There is no statutory basis for it in this proceeding.

Finally, in the conclusion of the ORS Reply, ORS requests that this Commission review and adjust the "financial baseline metrics" (presumably including the allowed rate of return) adopted by the Commission in Order No. 2005-619. The Natural Gas Rate Stabilization Act does not provide for adjusting or resetting the Company's rate of return in RSA proceedings and specifically provides that a utility's authorized rate of return will remain in force as otherwise approved. ORS's request is outside the statutory authority of the Commission in proceedings under the Natural Gas Rate Stabilization Act and should be denied for that reason.

[SIGNATURE PAGE TO FOLLOW]

By: /s/Matthew W. Gissendanner

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Date: October 1, 2019